

Message Text

PAGE 01 OTTAWA 04956 161810Z
ACTION EUR-12

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LIMITED OFFICIAL USE OTTAWA 4956

E.O. 11652: N/A
TAGS: ELAB, CA
SUBJECT: FORD-UAW AGREEMENT APPROVED BY AIB

1. BEGIN SUMMARY. ANTI-INFLATION BOARD APPROVED FORD-UAW
THREE-YEAR CONTRACT EVEN THOUGH IT SLIGHTLY EXCEEDS GUIDELINES
IN SECOND AND THIRD YEAR. EXPECT SIMILAR APPROVAL OF CHRYSLER
AND GENERAL MOTORS AGREEMENTS. END SUMMARY.

2. GEORGE LUCAS OF AIB COMPENSATION BRANCH TOLD LABATT THAT
THE BOARD APPROVED YESTERDAY (DEC. 15) THE THREE-YEAR
FORD-UAW CONTRACT EFFECTIVE SEPTEMBER 15. COMPENSATION INCREASES
ARE PROJECTED TO BE 10.42 PERCENT IN FIRST YEAR, 8.13 PERCENT
IN SECOND AND 6.24 PERCENT IN THIRD YEAR. AIB'S ARITHMETIC
GUIDELINES ARE RESPECTIVELY 10.6 PERCENT, 8 PERCENT AND
6 PERCENT. ALTHOUGH GUIDELINES ARE SLIGHTLY EXCEEDED IN
LAST TWO YEARS OF CONTRACT, AIB FOUND CONTRACT TO BE "WITHIN
SPIRIT AND INTENT" OF ANTI-INFLATION ACT. BY RESORTING TO THIS
POLITICAL EXPEDIENT AIB AVOIDED CONFRONTATION WITH THE
UNION (WHICH MAINTAINS WAGE PARITY IS ESSENTIAL TO
BILATERAL AUTO AGREEMENT) AS WELL AS WITH AUTO
MANUFACTURERS WHO HAD AGREED TO MAKE COMMON CAUSE WITH
UAW IN REPRESENTATION TO AIB. THERE IS SOME CONCERN
THAT RECENT PUBLICITY IN BOTH COUNTRIES, CHARACTERIZING
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PAGE 02 OTTAWA 04956 161810Z

AUTO SETTLEMENT AS MOST EXPENSIVE WAGE AND SUPPLEMENTARY
PACKAGE EVER NEGOTIATED, WILL TRIGGER MEDIA CRITICISM OF
BOARD'S ACTION. NEVERTHELESS, AIB'S SUBSEQUENT CONCURRENCE IN
CHRYSLER AND GM CONTRACTS CAN BE ASSUMED AS THEY DIFFER
VERY LITTLE IN MONETARY TERMS FROM FORD AGREEMENT.
DUEMLING

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